

Corporate Sponsorship of the Olympic Games

An Honors Thesis (HONRS 499)

by

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Abstract

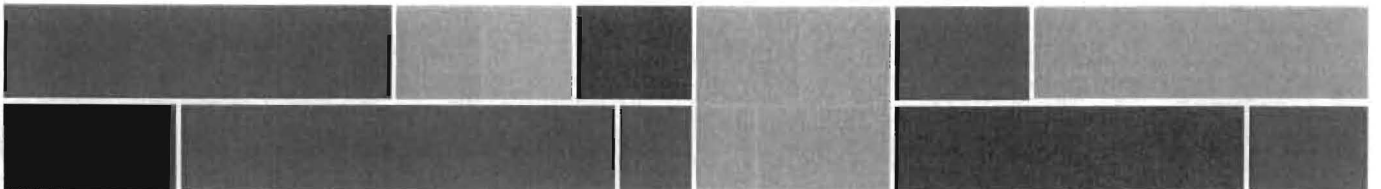
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Acknowledgements

I would like to thank Dr. Rod Davis for his guidance in creating my senior thesis project and for his positive influence on my collegiate career. Having the opportunity to work on an immersive project and to travel abroad on a field study with Dr. Davis has led me to respect him for his business knowledge and to appreciate his dedication to student development. I am grateful to have had the opportunity to work with Dr. Davis on so many occasions.

I would also like to my parents for their love and support, and for always pushing me to achieve my dreams.



Corporate Sponsorship of the Olympic Games



A digital guidebook to corporate sponsorship of the
official Olympic Games

Written and Illustrated by Briana J. Yoder

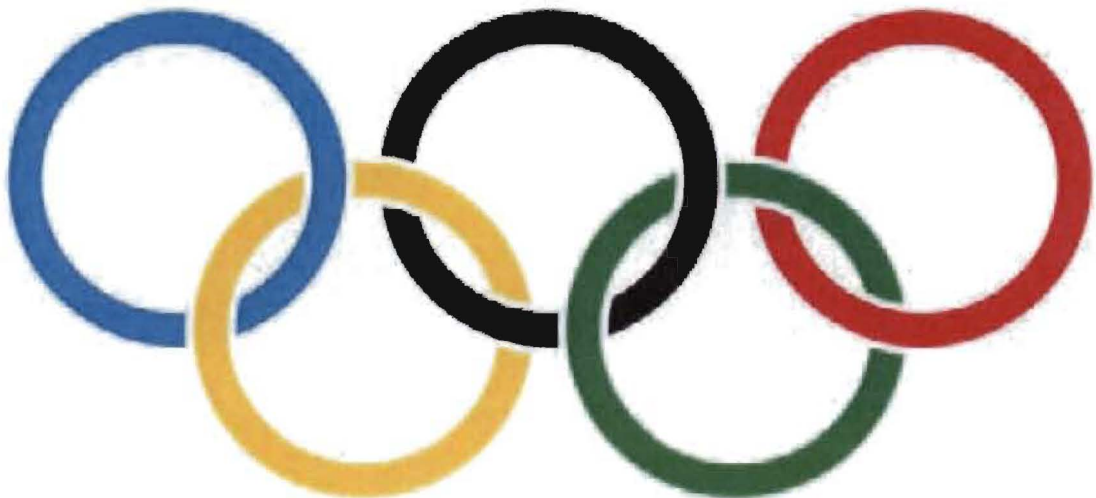


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Abstract

The purpose of this project is to provide a better understanding of corporate sponsorship as it relates to the official Olympic Games and the role that marketing plays in that relationship. The project includes a discussion of the history of corporate sponsorship with the Olympic Games, the challenges facing corporate sponsorship, and the upcoming sponsors of the 2012 London Summer Olympic Games.

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Corporate Sponsorship

“The Olympic Movement is arguably the most elite sports marketing property in the world for a company to be involved as a sponsor...The Olympic Games [both Summer and Winter] have universal appeal, attract the best available athletes and competitors, and city hosting rights are proactively sought by many countries worldwide” (Tripodi, and Hirons 118-136). Over the years the Olympic Movement has gained popularity in cultures all over the world for its ability to bring together the people of the world in a peaceful yet competitive environment. The Games also present the opportunity for sponsors to gain wide exposure and earn large profits. Corporations have long attempted to associate with the Games in any way possible; therefore, corporate sponsorships were created to allow organizations to do this legally and officially. The following research outlines the development of corporate sponsorship.

Corporate sponsorship is the process of two or more organizations or events aligning with each other to provide needed resources and to promote products or services. When it comes to the Olympic Movement, organizations are willing to spend large amounts of money to gain a corporate sponsorship due to the mass amount of media coverage the games offer, along with the overall positive association with the Olympic Games. Most individuals associate the Olympic Games with patriotism, peace, and globalization. By bringing countries together in a peaceful, but competitive environment, the movement allows citizens of every nation to feel and show pride for their nation through athletic competition. Corporations strive to align themselves with the Olympic Movement for this very reason.

At any time during the Olympic Games, which typically last 12 to 17 days, some part of the games is being televised around the world (“Olympic Games” np). The opportunity to gain both domestic and international media coverage during this time is extremely valuable – “By associating with one of the most

recognizable logos in the world, the five interlocking Olympic coloured rings...companies hope to transfer some of the values of the Olympics to their own corporate brands” (Seguin, Benoit, and O’Reilly 62-84). The potential return from supporting the Games has enticed sponsors from the ancient Greek times all the way to the very first modern Olympic Games in 1896. The first sponsorship took place at the ancient Olympic Games in 776 BC when Greek cities sponsored athletes individually by providing training and facilities (Giannoulakis, Chrysostomos, Stotlar, and Chatziefstathiou 256-270). The goal of the Greek cities was to gain recognition and power by sending the best athletes to the games in hopes that they would return victorious. The purpose of modern sponsors involves similar motivation. Kodak was one of the first official sponsors of the modern Olympic Games, buying advertising space in the souvenir program of the 1896 Olympic Games. The first modern Olympic Games was funded by private supporters, with nearly two-thirds of its funding coming from private organizations. This practice of corporate sponsorship has continued to grow over the years; however, it was not until after the 1984 games that the International Olympic Committee (IOC) realized corporate sponsorship had the potential to provide profit for the Olympic Movement in addition to the sponsors (Seguin, Benoit, and O’Reilly 62-84).

In 1985 the IOC developed The Olympic Partner Programme (TOP) as a way of limiting the number of Olympic sponsors in order to gain control of the marketing of the Games. According to the IOC, it has “undertaken a ‘Strategic Brand Management’ approach in its marketing efforts” (Seguin, Benoit, and O’Reilly 62-84). The goal of commercializing the games was not only to increase the profitability of the Movement, but also to make the IOC a successful international sports organization. From the year 1993 to 2004 TOP generated approximately \$1.5 billion for the Olympic Movement along with an additional \$5.3 billion from broadcasting partners (Seguin, Benoit, and O’Reilly 62-84). This money comes from the high cost of corporate sponsorship within TOP. In order to associate with the Olympic Movement organizations must pay large sums of money. Coca-Cola is a perfect example of the astounding cost of becoming a cor-

porate sponsor to the Games, having spent nearly \$500 million to become an official sponsor of the 1996 Atlanta Olympic Games. The motivation behind spending this kind of money stems from the amount of leveraging members of TOP are awarded.

For TOP sponsors, leveraging opportunities come in the form of advertisements and promotional programs, involving Olympic athletes and national Olympic teams, as well as special cultural/educational events (Seguin, Benoit, and O'Reilly 62-84). Gaining TOP membership means being part of an exclusive group, which included only eleven sponsors for the 2008 Beijing Olympics and will include the same amount at the 2012 London Olympics. This group receives the valuable right to use the time-enduring Olympic symbols – “these symbols and ideas that they embody are the cornerstones of all Olympic marketing programs” (Seguin, Benoit, and O'Reilly 62-84). By making their association known TOP sponsors gain special recognition from the majority of consumers who have come to view Olympic sponsors as industry leaders (Giannoulakis, Chrysostomos, Stotlar, and Chatziefstathiou 256-270).

Corporate sponsorship has been a part of the Olympic Movement since the original Greek games thousands of years ago. However, it was not until the past century that the Olympic Movement has begun to realize the true value of sponsorship. Today the Olympic Movement relies on the funding of corporate sponsors to generate revenue for the Games. The revenues of the Olympic Games are continually growing and it seems there is no limit to the potential of corporate sponsorship – “The 2012 London Organising Committee is projecting revenues of \$750 million from TOP sponsors and \$600 million from domestic partners” (Giannoulakis, Chrysostomos, Stotlar, and Chatziefstathiou 256-270).



The International Olympic Committee

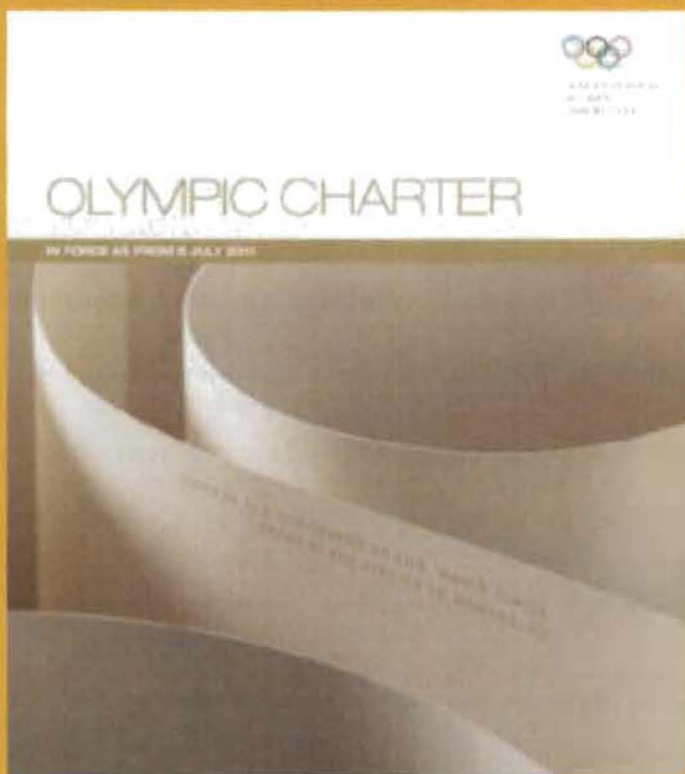
The International Olympic Committee (IOC) was created on June 23, 1894 when Pierre de Coubertin announced his plan to revive the ancient Olympic Games into a modern world-wide tournament ("The Organisation" np). According to the IOC official website, the committee was formed with the appointed duty of organizing the games and creating an international movement. It took only two years for the committee to prepare the first official modern-era Olympic Games, which took place in Athens, Greece on April 6, 1896. Since the 1896 games the Olympic Movement has continued to grow year after year and the IOC has remained the supreme authority of the Movement. The main priority of the IOC is to uphold the principles of the Movement, which is outlined in the mission statement that follows:

The goal of the Olympic Movement is to contribute to building a peaceful and better world by educating youth through sport practiced without discrimination of any kind, in a spirit of friendship, solidarity and ^{fair} ~~foul~~ play.

The additional roles of the IOC include running the Olympic Movement and setting the conditions of the Olympic Games celebrations. The IOC also maintains and updates the Olympic Charter, which includes the fundamental principles, rules, and bye-laws of the Olympic Movement. The Charter outlines the roles of the three constituents of the Olympic Movement, which are the IOC, the International Federations (Ifs), and the National Olympic Committees ("The Organisation" np). The detailed role of the IOC, as outlined in the Olympic Charter, is as follows:

- *To encourage and support the promotion of ethics in sport as well as education of youth through sport and to dedicate its efforts to ensuring that, in sport, the spirit of fair play prevails and violence is banned;*
- *To encourage and support the organisation, development and coordination of sport and sports competitions;*
- *To ensure the regular celebration of the Olympic Games;*
- *To cooperate with the competent public or private organisations and authorities in the endeavour to place sport at the service of humanity and thereby to promote peace;*
- *To take action in order to strengthen the unity and to protect the independence of the Olympic Movement;*
- *To act against any form of discrimination affecting the Olympic Movement;*

- *To encourage and support the promotion of women in sport at all levels and in all structures with a view to implementing the principle of equality of men and women;*
- *To lead the fight against doping in sport;*
- *To encourage and support measures protecting the health of athletes;*
- *To oppose any political or commercial abuse of sport and athletes;*
- *To encourage and support the efforts of sports organisations and public authorities to provide for the social and professional future of athletes;*
- *To encourage and support the development of sport for all;*
- *To encourage and support a responsible concern for environmental issues, to promote sustainable development in sport and to require that the Olympic Games are held accordingly;*
- *To promote a positive legacy from the Olympic Games to the host cities and host countries;*
- *To encourage and support initiatives blending sport with culture and education;*
- *To encourage and support the activities of the International Olympic Academy (IOA) and other institutions which dedicate themselves to Olympic education.*



To view the official Olympic Charter (as updated July 8, 2011) click on the picture above.

The members of the IOC include volunteers who represent the IOC and Olympic Movement in their individual country. It is important to note that the volunteers are not delegates from their country to the IOC, but rather the opposite. According to the IOC website, the number of members was limited to 115 in 1999, "which includes a maximum of 70 individual members, 15 active athletes, 15 representatives of the IFs, and 15 representatives of the NOCs" ("The Organisation" np). New members are elected to the committee by the IOC Session, who first analyze candidate files and then elect new members based

on a secret ballot vote. The current president of the IOC is Jacques Rogge, who has served the committee as president since 2001.

Ambush Marketing

The biggest threat that stands in the way of corporate sponsorship is ambush marketing. As long as organizations continue to ambush the market during the Olympic Games official sponsors will have to work extra hard to distinguish themselves as the official sponsors and reduce the effect of ambush marketers. However, with the IOC working alongside The Olympic Partner (TOP) Programme sponsors to combat these issues, it is certain that with time they will find a way to contain the clutter as well as strengthen the official marketing of the Games.

Due to the amount of money that can be made from associating with the Olympic Movement it is no surprise that some organizations attempt to appear as official sponsors even when they are not -- “The value of the Olympic brand has made it attractive to ambushers and allowed it to be threatened by a cluttered marketplace” (Seguin, Benoit, and O’Reilly 62-84). Although it can be either intentional or inadvertent, ambush marketing is a major concern of official sponsors because of the amount of confusion it causes for consumers (Giannoulakis, Chrysostomos, Stotlar, and Chatziefstathiou 256-270). Over time, ambush marketing has acquired the label of the “Cancer of sponsorship” (Tripodi, and Hirons 118-136). These practices act as a cancer by flooding the market with excessive amounts of marketing promotions that appear to be associated with the Olympic Movement. Therefore, organizations that have spent time and money securing a position in TOP no longer retain the prestige of being an official sponsor. This is dangerous to both the IOC and TOP sponsors as it threatens the integrity of the Olympic Movement.

In order to combat ambush marketing official sponsors must exploit their association with the Olympic Movement along with gaining an understanding of when and where to expect ambush marketing practices. According to J.L. Crompton, there are seven potential ambush opportunities (Seguin, Benoit, and

O'Reilly 62-84):

1. Sponsorship of the broadcast of an event
2. Purchasing of advertising time in and around event broadcasts
3. Sponsoring entities other than organizing body
4. Purchasing advertising space at locations that are in close proximity of the event
5. Thematic advertising and implied illusions
6. Creation of a counter attraction
7. Accidental ambushing

Unfortunately for the official sponsors, most ambush marketing techniques are perfectly legal and nearly impossible to prevent from occurring. Therefore, it is crucial that sponsors do everything possible to leverage their association with the Olympic Movement.

According to Kronick and Dorne, “Olympic sponsorship is a marathon, not a sprint,” therefore, in order to succeed as an official sponsor of the Olympic Movement, organizations must begin early and work diligently to identify themselves as such (Kronick, Scott, and Dorne 8-12). In the past, successful sponsors have begun marketing efforts in the early years leading up to the upcoming games. Omega SA is a good example of an organization that began marketing efforts early by unveiling a countdown clock to mark its official position as timekeeper of the 2008 Beijing Games as well as the 2012 London Games (Kronick, Scott, and Dorne 8-12). Another key aspect of a successful sponsorship is promoting an organization’s association with the Olympic Movement at multiple points of consumer contact.

Historically, the sports apparel and footwear industry have had extremely intense competition between top industry leaders for a sponsorship role in the Olympic Games. The top three industry leaders are Adidas, Nike, and Reebok. Like other industries, ambush marketing has occurred between these organizations. Nike has been known for attempting to ambush the Olympics since 1984, but it was not until close to the 2000 Sydney Summer Olympic Games that Nike became an official sponsor of the Olympic Movement.

Reebok had been chosen as the official sponsor for the Games; however, after contractual disputes that caused its leaders back out of the position Nike was ready and willing to take the position. After officially becoming the sponsor in December of 1999, Nike wasted no time leveraging its new position through a well-planned advertisement campaign. The first step was launching a series of commercials featuring prominent Australian Athletes, including eventual gold-medalist Cathy Freeman. This was followed by the placement of building wraps in the business district of Sydney on a prominent skyscraper, the Maritime Trade Towers. These ads also featured Australian Olympic athletes and further enforced Nike's presence as an official sponsor of the Games. Additionally, Nike developed a website dedicated to the Sydney Olympic Games and built a Nike playground for children and teenagers to encourage them to get into the "Olympic spirit" (Tripodi, and Hirons 118-136). In the meantime, Nike was experiencing ambush marketing from Adidas who sponsored individual athletes including Ian Thorpe, an Australian swimming champion. Adidas also launched their own series of commercials featuring 10 Olympic athletes as well as other marketing strategies all aimed at capitalizing on the Olympic Games through ambush marketing. However, due to the extensive efforts of the Nike marketing team, it was made very clear that Nike was the official sponsor of the Games and is remembered as such.

Another important factor sponsors must focus on is the opportunity for globalizing their organization. The Olympic Movement is the epitome of international marketing. In order to fully leverage the benefits of sponsorship, organizations must reach out to various markets around the world. Every culture is unique in the way consumers think and react to marketing campaigns and although there is no question that most cultures fully embrace the Olympic Movement and find pride in being a part of it, marketers must approach most markets differently. For example, the 2008 Beijing Olympic Games focused on three different themes: People, Technology, and "Green Olympics" (Kronick, Scott, and Dorne 8-12). In order to be considered as a sponsor for these Games, organizations had to incorporate these themes into their marketing

strategies in keeping with the goal of the Beijing Organizing Committee for the Games of the XXIX Olympiad (BOCOG) (Kronick, Scott, and Dorne 8-12).

The IOC views restricting ambush marketing as a part of its responsibility, stating: “The Olympic games’ marketing role is now recognized as going way beyond just revenue raising into disciplined brand management of the world’s most powerful brand” (Seguin, Benoit, and O’Reilly 62-84). Just like its sponsors, the leaders of the Olympic Movement are concerned with retaining its integrity and understanding that in order to do so they must address the issue of ambush marketing and make certain that corporate sponsors are effectively marketing the Games to every culture. Managing the clutter of various sponsors at every level is a serious challenge facing the IOC, therefore it is certain that the committee will be making every effort to limit these occurrences as much as possible in order to protect the integrity of the Games and corporate sponsorship. The IOC has stated the following regarding its future goal for the committee: “to ensure the independent financial stability of the Olympic Movement and thereby assist in the worldwide promotion of Olympism” (Giannoulakis, Chrysostomos, Stotlar, and Chatziefstathiou 256-270).



Corporate Sponsor Profile - OMEGA

Omega has been the “Official Timekeeper” of the past 25 Olympic Games and the organization will continue its support this summer at the upcoming London 2012 Summer Games (OMEGA SA b). On March 14, 2011 the London Organising Committee of the Olympic Games and Paralympic Games (LOCOG) and several representatives from OMEGA unveiled the official countdown clock for the 2012 London Summer Olympic Games in Trafalgar Square. The clock marked the official 500-day countdown to the start of the London 2012 Summer Olympic Games, which will begin July 27, 2012. The clock is set to count down to the very second of the beginning of the games.



The image above is of the OMEGA countdown clock for the 2012 London Summer Olympic Games, located in Trafalgar Square, London (OMEGA SA b).



These images are of the OMEGA limited edition “London 2012” watch. The images are from a press release on the OMEGA website (OMEGA SA a).

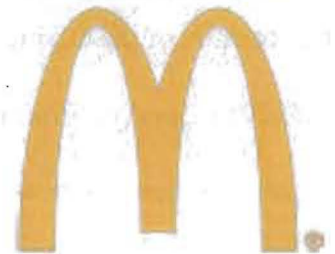
The countdown clock is a great example of an official sponsor taking advantage of the popularity surrounding the games to capture the marketing potential of the events. Since its unveiling in 2011 thousands of individuals have visited Trafalgar Square located in the city of London, U.K. and have viewed the countdown clock which clearly displays the OMEGA logo. Furthermore, OMEGA has extended the marketing potential of the Olympic Games into its product line, designing a limited edition watch to commemorate the 2012 London Summer Olympic Games. The limited edition watch was a redesign of OMEGA's first automatic Seamaster watch, circa 1948. The watch “features a 39 mm polished and brushed stainless steel case with a polished bezel and lugs” and carries the official logo of the London 2012 Olympic Games, which is embossed on the 18 Ct yellow-gold backing (OMEGA SA a).



Official Sponsors of the 2012 London Summer Olympic Games

As the start of the London 2012 Summer Olympic Games draws near, more marketing activity can be seen around the world from the corporate sponsors of the official games. The sponsors have made large monetary contributions in order to align themselves with the Olympic Games and for the right to publicize that alignment. The following pages include the top three levels of partners for the London 2012 Summer Olympic Games (a complete listing of partners can be viewed by [clicking here](#)). Each of the logos shown is linked to the sponsor website and upon entering the websites one will find something involving the Olympic name and/or logo is typically just a click or two away.

Worldwide Olympic Partners:



London 2012 Official Olympic Partners:



London 2012 Official Olympic Supporters:



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